

COMMUNIQUE ISSUED BY MARITIME STAKEHOLDERS AT “A ONE-DAY NATIONAL DISCOURSE ON 48- HOUR CARGO CLEARANCE TARGET IN NIGERIAN PORTS: A MIRAGE?” HELD AT ROCKVIEW HOTEL, APAPA, LAGOS ON THURSDAY, 15TH MAY, 2014

1. Maritime stakeholders converged on Lagos on Thursday 15th May 2014 hosted by the Nigerian Shippers’ Council, under the auspices of the Federal Ministry of Transport to deliberate on the successes of and impediments to the Federal Government’s 48- Hour Cargo Clearance policy in Nigerian ports.
2. Selected top management representatives of shipping companies, terminal operators, Nigerian Ports Authority, Nigerian Shippers’ Council, Shipping Association of Nigeria, Lagos Chamber of Commerce, Industry, Mines & Agriculture; Nigerian Maritime Administration and Safety Agency [NIMASA], Freight Forwarding Associations, Association of Maritime Truck Owners, among others in their various papers reviewed and commended the concept of 48-Hour Clearance in Nigerian ports but at the same time pointed out some critical factors that have continued to impede its effective implementation .
3. The Forum commended the Federal Government’s Port Reform program of 2006 and the 48-Hour Cargo Clearance policy which were in line with international best practices; but noted that human factors, poor implementation, Government contrary policies, low investment in infrastructural development, paucity of plant and equipment, etc. remain the general problems militating against successful implementation of 48-Hour Cargo Clearance policy in Nigeria. Participants canvassed for the use of technology, development of infrastructure and people orientation to drive the system.
4. The Stakeholders call on the Federal Government to set up a Technical Committee of experts in the Maritime Industry to critically review the following identified factors that impede actualization of Project 48 and make recommendations to the Government through the Ministries of Transport and Finance on how to overcome them:

1. Pre-Arrival Assessment Report [PAAR]

The Forum believes that the PAAR project was conceived to be a tool of trade facilitation driving the National Legislation on Customs Valuation in Nigeria [known as Act 20 of 2003]; enabling importers and their agents to take delivery of their consignments within 48 hours of delivery to the terminal operators' custody, having perfected all relevant documentation weeks before the arrival of their cargoes. PAARs are, conversely, obtained weeks after the cargo has landed at the terminals thus becoming a source of huge demurrage to importers and their agents. This is because PAARs are issued by Customs Headquarters at Abuja.

Stakeholders recommends that Government should decentralize the issuance of PAARs to the Zonal Headquarters or even to Customs Area Commands, with Zone 'A' receiving greater attention since it handles more than 80% of imports into Nigeria. Alternatively, Government should re-engage the disengaged service providers to run the project hand-in-hand with the Nigeria Customs Service so that while Nigeria Customs Service continues to increase in strength and efficiency, the service providers would continue to decrease gradually until a point is reached where Nigeria Customs Service would effectively and efficiently take over and run the entire full destination inspection project in Nigeria.

2. Implementation of Single Window

The Single Window Project was conceived to be an integrated system running online real- time, connecting all critical stakeholders – the Central Bank of Nigeria, the dealer banks, Nigeria Customs Service, National Agency for Food, Drug Administration and Control, Standards Organization of Nigeria, Nigerian Ports Authority, Nigerian Shippers' Council, Terminal Operators, Shipping Companies, Clearing and Forwarding Agencies, etc. It has apparently been abandoned.

The Forum recommends that this project should be pursued to a logical conclusion being a panacea in achieving the 48-Hour cargo clearance policy.

3. Allocation of Target by Government to the Nigeria Customs Service

The Forum agreed that Federal Government's allocation of revenue target to Nigeria Customs Service has become a threat to the national economy and advised that it be discouraged.

4. Provision of More Scanners and Image Analysts

The Stakeholders noted that the scanners inherited by the Nigeria Customs Service from the former service providers are almost obsolete and without enough technical and operational back-ups. Conference recommends that Government should provide sufficient modern scanners backed up with qualified technicians while the Nigeria Customs Service provides the daily running costs. More importantly, Nigeria Customs Service should pay more attention to the training of image analysts to obviate the current situation where more often than not problems arise as a result of the inability of officers to interpret the images picked from the containers by the scanner. This has often led to "suspect ; drop for physical examination"

5. Declining Investment in Plants and Equipment

The Discourse noted that there has been a decline in investment in plants and equipment by terminal operators which has resulted in some of the terminal operators choosing the date they would drop a container for examination instead of the importer or his agent doing so. Conference recommends that Nigeria Shippers' Council having been given the power of Commercial Regulator should stipulate minimum plant and equipment inventory for terminal operators to ensure efficiency and effectiveness. Conference commends those terminal operators who have continued to improve on their stock levels in spite of the many challenges of this time.

6. Computer Literacy

The Forum noted that one of the factors militating against the actualization of Project 48 is low level of computer literacy among the officers and men of the Nigeria Customs Service, especially those entrusted with the power to release jobs. Conference recommends that commitment to continuous computer education will help in reducing these challenges. Conference also

recommends that computer knowledge be made a precondition for recruitment into the Nigeria Customs Service.

7. Upgrade of Customs ASYCUDA ++

The stakeholders noted that the greatest problem facing the Nigeria Customs Service port operations today is “Server Breakdown”. Conference recommends that Government should review the entire system that drives the ASYCUDA ++ with a view to upgrading and injecting more power into it. System Upgrade is the Answer.

8. Cumbersome Documentation

Stakeholders noted that despite efforts by the Government and the Nigeria Customs Service to reduce the number of documents required for Customs examination, more than twenty different types of documents are still currently used for Customs examination in Nigerian ports. Conference recommends that Government Agencies in the ports should look inwards to see how to reduce to the barest minimum the number of documents they require for Customs cargo examination.

9. False Declaration

The Forum noted that the major cause of bribery and corruption in Nigerian ports stems from insincerity on the part of importers and agents in declaring the true value and contents of their imports. Conference recommends that continuous orientation, enforcement of extant laws and interface with globally suppliers and manufacturers will help in reducing incidents of false declaration. False declaration leads to delay in cargo release.

10. Under-Utilization of Off-Dock Terminals

Stakeholders noted that lack of interest on the part of shipping companies in stemming ships to the off-dock terminals was one of the causes of congestion and delay in releasing cargoes within 48 hours from the Nigerian ports. Conference recommends that the Nigerian Ports Authority and the Nigerian Shippers’ Council should engage the shipping companies in constructive dialogue that would ultimately lead to agreement to stem ships to the off-dock and bonded terminals. This would facilitate the achievement of 48 hour clearance from Nigerian ports.

10. Power Failure

The Forum noted that all terminal operators run on generators. When the generators break down, port operation is halted. Conference recommends that the Nigerian Ports Authority being the landlord to all the terminal operators should liaise with the power distribution companies and independent power project companies to supply electricity to all the terminal operators on agreed terms and conditions to ensure 24-hour operation in Nigeria ports.

11. Valuation Problem

The Discourse noted that all Customs Officers claim to be valuation officers even within a command where there is a Customs Valuation Unit headed by a Deputy Controller. This insistence makes clearing agents to contend with valuation problems at the releasing seat, enforcement unit, Customs Intelligence Unit and at the Exit Gate, thus spending more days in releasing their cargo. The Forum recommends that the Nigeria Customs Service should work according to the rule of engagement. Only the Valuation Unit should treat valuation issues.

12. Multiple Agencies and the 'Disc' Syndrome

The Forum noted that the tradition where each agency that examined a container or other cargoes must issue a piece of paper known as 'disc' as a proof of consent that an agent could now take delivery of his cargo breeds corruption. The stakeholders therefore calls on all Government agencies in the port [with or without examination status] to stop this practice. The number of Government Agencies in the ports should also be reviewed downwards.

13. Reduction of Conflict Resolution Time

The Forum noted that a good number of disputes between agents and/or importers on the one hand and Government Agencies on the other hand takes longer time to resolve due mainly to the inaccessibility of some Customs Management teams. The Forum recommends adoption of open door policy by all Customs management teams so that agents, importers

and other stakeholders can easily access them when there is a dispute to be resolved.

14. Professional Training for Freight Forwarders

The Stakeholders noted that a good number of clearing agents in Nigeria are neither reasonably educated nor professionally trained and recommends intensive but affordable professional training programme for clearing and forwarding agents.

15. The Forum further recommends that Government and the appropriate Government Agencies should address the following issues to make port operations in Nigeria more efficient and worthwhile:

- [a] Expedite action on the truck holding bays to free Apapa – Oshodi Expressway from the menace of tanker and trailer drivers.
- [b] Look into the activities of the Federal Operations Unit that flags down and whisks duly examined and released containers to their head office at Ikeja where large sums of money are paid for re-examination and release of the container or car.
- [c] Review the present high cost of doing business in Nigerian ports.
- [d] Review urgently the current diversion of more than 50% of Nigerian freights to the Republics of Benin and Cameroon.
- [e] Review urgently the recent hike in the duties of rice and motor vehicles.
- [f] Reduction in the number of interests and documents involved in cargo clearance from the Nigerian ports.
- [g] Provision of harmonized and interface network that links up all stakeholders.
- [h] The need to improve port IT equipment to offer 24-hour service delivery.
- [i] Government should avoid issuing circulars capable of ambiguous interpretation by Customs. Manufacturers Association of Nigeria

[MAN] members have about 2,000 [two thousand containers trapped down in the ports as at date as a result of misinterpretation of Government circulars by the Nigeria Customs Service.

- [j] Federal Government should urgently address and resolve the myriad of problems facing the maritime industry as at today.
- [k] The idea of Customs jacking up Cost Insurance and Freight should be reviewed by the Government.
- [l] Terminal operators should position containers on demand not at their own discretion.
- [m] Challenges in electronic transmission of manifests from different countries of the world remain a headache to shipping companies that ought to be resolved by the Government and the Shipping Association of Nigeria.
- [n] Dockworkers job loss needs to be addressed by NIMASA and other relevant Government agencies to avoid industrial crisis.
- [o] Corruption among Customs officers in the ports, airports and land border stations has become a major problem impeding trade and needs to be urgently addressed. Customs Complaints Commission is proposed to address this malaise.
- [p] Each ship that offloads any number of laden containers must as a matter of necessity take away equal number of empty containers from the port of berth whether in export or in its empty form.
- [q] Banks, shipping companies, Customs and terminal operators have a role to play in 24 hour cargo clearance in Nigerian ports.
- [r] Inability of banks to upload the necessary documents to the PAAR platform is one of the causes delay in fast processing of PAAR by the Nigeria Customs Service.
- [s] Terminal operators' insistence on releasing jobs only after Customs clearance has been completed is another source of delay in 48 hour clearance.

- [t] The need for releasing officers to remain on their seats was also emphasized.
- [u] The absence of the Nigeria Customs Service from this Discourse despite the fact that they were formally invited was viewed by the Conference as a mark of disrespect for the maritime stakeholders.
- [v] The Conference RESOLVED that all the points raised in this Discourse be sent to the Federal Government for digestion and necessary action.
- [w] Extortion by Law Enforcement Agencies from Truck drivers was viewed to be one of the problems discouraging the transport operators. This Conference condemns this practice and calls on the Government to prohibit and enforce the law against such practices.
- [x] The Conference calls for total support by all stakeholders to the Nigeria Shippers' Council to succeed in its assignment as Interim Commercial Port Regulator.
- [y] The Conference calls on the Federal Government to take all necessary measures to help Nigerian Shippers' Council achieve its mandate.
- [z] The Conference calls for use of Premises Permit to take containers to their premises for Customs examination.
- [ab] It also believes that 'Second Stamp' by NAFDAC contributes to delay in cargo clearance. The first stamp should be enough for Nigeria Customs Service to release NAFDAC related imports.

The Forum ended with a note of confidence that 48 hour cargo clearance in the Nigerian port is feasible if all stakeholders played their roles satisfactorily.